

Message Text

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44

ACTION ARA-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-03

INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02

CIEP-01 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-04

CEA-01 PA-01 PRS-01 L-02 H-02 EUR-12 /096 W

----- 040900

R 061650Z MAY 75

FM AMEMBASSY KINGSTON
TO SECSTATE WASHDC 7606

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EO 116652: N/A

TAGS: EFIN, JM

SUBJECT: GOJ OBTAINS J\$30 MILLION LOAN FROM FIRST NATIONAL
BANK OF CHICAGO (FNBC)

1. DURING FAREWELL CALL ON AMBASSADOR, OUTGOING FNBC MANAGER TOLD AMBASSADOR AND ECONOFF FNBC WAS HEADING CONSORTIUM WHICH WOULD LOAN GOJ J\$30 MILLION. PARTICIPANTS: CITIBANK, CANAIDAN IMPERIAL BANK OF COMMERCE AND ROYAL BANK OF CANADA AS WELL AS OTHERS. TERMS ARE FIVE YEARS, INTEREST RATE FOR THE FIRST TWO YEARS, 1 7/8 PERCENT OVER CURRENT EURO-DOLLAR RATE (8 PERCENT) AND 2 PERCENT FOR THE REMAINING THREE YEARS. THERE IS NO REPAYMENT PENALTY. INTEREST RATE IS 1 1/8 PERCENT ABOVE THAT FOR COMPARABLE TYPE LOAN FOR J\$50 MILLION PUT TOGETHER BY FNBC LAST YEAR. FOR COMPARISON PURPOSES, INTEREST RATES FOR COMPARABLE LAONS ARE: BRAZIL 1 3/4 PERCENT AND GUYANA 2 1/2 PERCENT. OFFICIAL ANNOUNCEMENT OF LOAN EXPECTED TO BE MADE MID OR LATE MAY

2. LOCAL MANAGER JAMAICAN AMERICAN MERCHANT BANKERS (BANK OF AMERICAN) TOLD ECONOFF THAT DURING RECENT EXAMINATION OF BANK OF AMERICA IN SAN FRANCISCO BY NATION BANK EXAMINERS, EXAMINERS HAD ELIMINATED SO-CALLED "CLASSIFICATION"
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OF JAMAICAM AS A RESULT, HE EXPECTS BANK OF AMERICA TO EXPAND

IT CREDITS IN JAMAICA IN THE NEAR FUTURE

3. COMMENT: DESPITE LOCAL RHETORIC THAT GOJ HAS MIS-MANGED ITS FINANCES, IN FACT, COUNTRY CONTINUES TO ABLE TO BORROW MONEY ON COMMERCIAL MARKET. GERARD

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Message Attributes

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